

Message Text

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15

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CIAE-00 COME-00 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 IGA-01 AGR-05 SWF-01

NSC-05 SS-15 STR-01 CEA-01 L-02 H-01 DODE-00 PA-01

USIA-06 PRS-01 FEA-01 /085 W
----- 023592

R 111051Z DEC 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 1778

INFO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: ECON, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (DEC 4-10)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS DURING WEEK ENDING DEC 6 WAS \$644,000, COMPARED WITH PREVIOUS WEEKLY AVERAGE SINCE INITIATION OF FX CONTROLS OF \$500,000. OF FX SOLD, 49 PERCENT WAS FOR PETROLEUM PRODUCTS AND 15 PERCENT FOR MACHINERY FOR LOCAL CEMENT FACTORY.

2. THE FREE MARKET EXCHANGE RATE ROSE marginally DURING PAST WEEK. ON DEC 10 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,240 KIP PER DOLLAR AND SELLING FOR 1,250 KIP PER DOLLAR, UP FROM 1,230 BUYING AND 1,250 KIP SELLING DEC 4.

3. USAID COST-OF-LIVING INDEX FOR VIENTIANE DECLINED MODERATELY DURING PAST WEEK, REFLECTING PRICE DECREASES IN PORK, EGGS, FISH, AND CERTAIN VEGETABLES, OFFSET TO SOME EXTENT BY INCREASE IN COST-OF-LIVING INDEX FOR RICE. INCREASE IN RICE INDEX DOES

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NOT REFLECT INCREASED RICE PRICES, BUT FACT THAT AGRICULTURAL

DEVELOPMENT ORGANIZATION/NATIONAL RICE OFFICE RICE AS PERCENTAGE OF TOTAL GLUTINOUS RICE SOLD IN VIENTIANE HAS DECLINED (SEE VIENTIANE 8836, PARA 4), THUS REQUIRING REDUCTION IN WEIGHT GIVEN TO LOWER COST ADO/NRO RICE IN USAID INDEX. USAID INDEX ON DEC 11 SHOWS FOLLOWING CHANGES:

	PERCENTAGE INCREASE SINCE		
	DEC 2	JULY 17	END 73
GENERAL INDEX	(-2.0)	24.2	66.0
RICE INDEX	0.9	15.6	60.1
NON-RICE INDEX	(-2.7)	26.4	67.5

4. RECENT DEVELOPMENTS IN LAO EFFORTS TO OBTAIN ADDITIONAL FOREIGN ASSISTANCE INCLUDE:

A. A TECHNICAL GROUP HEADED BY NORTH VIETNAMESE VICE-MINISTER OF TRANSPORTATION AND TELECOMMUNICATIONS RECENTLY ARRIVED IN VIENTIANE FOR APPROXIMATELY 10 DAYS IN ORDER TO WORK OUT DETAILS OF AID FROM NORTH VIETNAM TO LAOS (VIENTIANE 7741). TOPICS TO BE DISCUSSED INCLUDE ROUTES TO BE TAKEN BY TRUCKS DELIVERING COMMODITIES (ROUTE 8 IS NOW BEING CONSIDERED AS ALTERNATIVE TO ROUTE 7) AND DETAILS OF COMMODITY COMPOSITION AND TIMING OF COMMODITY ARRIVALS.

B. THE ECONOMIC AID-SEEKING MISSION HEADED BY MINISTER OF DEFENSE SISOUK NO CHAMPASSAK ARRIVED IN SEOUL ON DEC 8 FOR 5 DAYS OF DISCUSSIONS WITH SOUTH KOREAN GOVERNMENT OFFICIALS.

C. THE ECONOMIC AID-SEEKING MISSION HEADED BY MINISTER OF NATIONAL ECONOMY AND PLAN SOTH PHETRASY ARRIVED IN EAST BERLIN DEC 9 FOR DISCUSSIONS WITH OFFICIALS OF THE EAST GERMAN GOVERNMENT.

5. ROYAL AIR LAO'S INAUGURAL FLIGHT TO HANOI (VIENTIANE 8306) TOOK PLACE DEC 4 (DELAYED ONE DAY FROM SCHEDULED TWICE WEEKLY TUESDAY AND FRIDAY FLIGHTS). PLANE UTILIZED WAS A DC-4 HANOI AIRPORT NOT EQUIPPED TO HANDLE RAL'S CARAVELLE. THE RETURN FLIGHT TO VIENTIANE OCCURRED DEC 5, CARRYING NORTH VIETNAMESE VICE-MINISTER OF TRANSPORTATION AND TELECOMMUNICATIONS (SEE PARA 4 ABOVE).

6. DECONTROL FOLLOWING 12/11/75.
CHAPMAN

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